



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 4, 2005

H.R. 3863 **Natural Disaster Student Aid Fairness Act**

As cleared by the Congress on September 30, 2005

SUMMARY

H.R. 3863 extends the period of obligation until September 30, 2006, for Department of Education funds for campus-based programs that expired on September 30, 2005. The act also requires the Secretary to recall any funds allocated to an institution of higher education for award year 2004-2005 for campus-based programs that lapsed on September 30, 2005, and to reallocate those funds to institutions either directly affected by Hurricanes Katrina or Rita or accepting students affected by those storms.

CBO estimates that enacting H.R. 3863 increases direct spending by \$36 million over the 2006-2007 period. Enacting the legislation will not affect federal revenues.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 3863 is shown in the following table. The changes in direct spending, which total an estimated \$36 million in 2006 and 2007, fall within budget function 500 (education, training, employment, and social services).

	By Fiscal Year, in Millions of Dollars				
	2006	2007	2008	2009	2010
CHANGES IN DIRECT SPENDING					
Estimated Budget Authority	36	0	0	0	0
Estimated Outlays	18	18	0	0	0

BASIS OF ESTIMATE

CBO estimates that H.R. 3863 increases direct spending by reappropriating \$36 million in 2006. According to data from the Department of Education, there are approximately \$28 million in funds for the Supplemental Educational Opportunity Grant, Work-Study, and Perkins Loan programs whose period of obligation has been extended to September 30, 2006, and approximately \$8 million in funds which are eligible for reallocation to affected institutions. CBO estimates that outlays from this funding would occur in equal amounts in 2006 and 2007.

ESTIMATE PREPARED BY: Justin Humphrey

ESTIMATE APPROVED BY:

Peter H. Fontaine
Deputy Assistant Director for Budget Analysis